

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY CUSTOMERS

**Notice of Public Hearing for Basic Generation Service Charges (BGS)
Procured by PSE&G on behalf of its Basic Generation Service Customers
and
Recovery through its BGS Charges of
NJ BPU Approved Changes in Capacity Performance Costs**

Docket No. ER14040370

TAKE NOTICE that, on November 21, 2014, the New Jersey Board of Public Utilities ("Board" or "BPU") issued an Order that approved the Basic Generation Service ("BGS") Auction process for procurement beginning June 1, 2015 and addressed a potential unanticipated change to the PJM Reliability Pricing Model ("RPM," "Capacity"). BGS is the electric generation supply provided to all PSE&G customers who do not purchase their electricity from a third party supplier. If PJM should receive approval from the Federal Energy Regulatory Commission (FERC) to implement the change to RPM, the BPU has authorized Public Service Electric and Gas Company ("Public Service," "PSE&G," "the Company") to recover this increase in capacity costs through an increase in the BGS rates. The Board also directed Public Service to conduct a public hearing in its service territory with respect to this issue. The Board's Order and the Company's filings are available at: <http://www.bgs-auction.com/default.asp>.

The final price for BGS-FP supply resulting from the BGS-FP auction conducted in 2014 was \$0.09739 per kilowatt-hour for a 36-month supply period. For the BGS-CIEP auction conducted in 2014, the Generation Capacity Charge cleared at \$284.04 per MW-day. The final auction clearing prices for the BGS supply procured in the 2015 BGS-RSCP and BGS-CIEP auctions may be higher than or lower than the prices obtained in the 2014 auctions. Auction prices are converted to customer charges, which may be higher than or lower than current charges, depending on the outcome of the auction, consistent with market conditions. BGS-RSCP and BGS-CIEP rates may change to reflect any increases or decreases in these FERC-approved capacity costs.

PLEASE TAKE NOTICE that the Board has scheduled the following date, time and location for a public hearing on the above change resulting from the proposed change in the PJM RPM so that members of the public may present their views. The hearing will continue until all public witnesses are heard. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

January 23, 2015
1:00 PM
Middlesex County
Administration Building
Freeholders Meeting Room
1st Floor Meeting Room
J.F. Kennedy Square
New Brunswick, New Jersey 08901

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, no less than 48 hours prior to the above hearings. Customers may file written comments with the Secretary of the Board of Public Utilities, at 44 South Clinton Avenue, Ninth Floor, P.O. Box 350, Trenton, New Jersey 08625-0350 ATTN: Secretary Kristi Izzo, regardless of whether or not they attend the public hearing.



PUBLIC SERVICE ELECTRIC AND GAS COMPANY